



United States  
Department of  
Agriculture

Farmers  
Home  
Administration

Washington  
D.C.  
20250

FmHA AN No. 1420 (1924)

May 27, 1986

SUBJECT: Office of the Inspector General Audit (04099-222-At)  
Accounting for Tobacco Contributions and Using State  
Commodity Prices When Projecting Income on Farm and  
Home Plans

TO: State Directors, Farmer Programs Chiefs, District Directors,  
and County Supervisors, FmHA

PURPOSE/INTENDED OUTCOME

The purpose of this Administrative Notice (AN) is to advise you about the recent Office of Inspector General (OIG) audit of Farmers Home Administration (FmHA) regarding flue-cured tobacco contributions. The audit scope also covered the area of established commodity prices and whether they were used in projecting planned income on farm plans.

The audit disclosed that:

1. Farm and Home Plans were not prepared correctly because tobacco contributions were either not considered or were inconsistently considered.
2. Farm and Home Plans were not being revised when changes in planned income and expenses occurred.
3. Published commodity crop prices were not used to project income.

IMPLEMENTATION RESPONSIBILITIES

In preparing 1986 farm plans, County Supervisors must use tobacco contribution fees as an operating expense in those States where they apply. If a 1986 operating loan is made before the contribution fee is published, the plan must be revised when the contribution fee is established. District Directors should review loans to assure that the tobacco contribution fee is being used properly in the farm plans.

EXPIRATION DATE: December 31, 1986

FILING INSTRUCTION: Preceding  
FmHA Instruction 1924-B



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Secretary of Agriculture, Washington, D.C. 20250

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In preparing Farm and Homes Plans, you should refer to AN No. 1361(1951), dated March 12, 1986, for guidance regarding commodity prices.

State Office Farmer Program staff and District Directors should continue to monitor the loanmaking activities to assure that the deficiencies disclosed in the OIG audit will not recur.

A handwritten signature in black ink, appearing to read "Vance L. Clark", with a long, sweeping horizontal stroke extending to the right.

VANCE L. CLARK  
Administrator